Salary survey results—P. 3 | New generation at Olds—P. 4

SILVER SPRING MD 20910
8901 COLESVILLE RD
SILVER SPRING LIBRARY
SILVER SPRING LIBRARY
02044713 01AA3089225AUG89
-DIGIT 20910

© Entire contents copyright 1989 by Crain Communications Inc. All rights reserved.

NEWSPAPER

Advertising Age

Crain's International Newspaper of Marketing.

Last Minute News

Suzuki sets review for its U.S. account

BREA, CALIF.—American Suzuki's automotive division is reviewing agencies. Keye/Donna/Pearlstein, Los Angeles, Suzuki's agency from the time it started marketing autos in the U.S. in 1985, has been invited to participate. But, in keeping with Suzuki's "Never a dull moment" ad theme, K/D/P President-CEO Leonard Pearlstein said he was undecided whether the agency was willing "to play."

By some estimates, the account at one time passed $45 million, including dealer association spending. But the factory budget reportedly has dropped to as low as $15 million.

Speculation among West Coast agencies is that Suzuki will look for a Japanese agency with a southern California office to take over the account. Hakuhodo and DCA, both Los Angeles, would fit that description. The Tokyo offices of Hakuhodo and Dentsu, DCA's parent, both work on the Suzuki account in Japan.

Disaster struck the marketer a year ago, when Consumers Union branded Suzuki's only vehicle at the time, the Samurai sports utility truck, as unsafe. The company has never recovered from that blow, despite introducing two new models to its line and receiving a clean bill of health from the federal government.

For the first four months of this year, combined

(Continued on Page 8)

Maxwell House lands at D'Arcy

By JUDANN DAGNOLI

The Maxwell House coffee account returned home to D'Arcy Masius Benton & Bowles last week with indications that billings will percolate well beyond the $50 million spent at previous agency Ogilvy & Mather.

Maxwell House President Raymond Viault declined to give specific figures but said the company "has news to tell" about the venerable coffee brand.

"We will spend commensurate with the quality of ideas," he said. "[General Foods USA parent] Philip Morris is not shy about spending big behind good ideas."

He added that D'Arcy's creative efforts will represent a "new strategy" and that the company plans to introduce "several" new coffee products in the near future. Sources said the first ads from the new agency will break in late summer.

With the selection of New York-based D'Arcy, the Maxwell House account has come full circle. D'Arcy's precursor, Benton & Bowles, held part of the account until 1968, when the ad work was consolidated at O&M, agency of record for Maxwell House since 1958.

"We will spend commensurate with the quality of [advertising] ideas. Philip Morris is not shy about spending big behind good ideas."
—Raymond Viault

D'Arcy's latest big win—coming on the heels of its $115 million Burger King Corp. windfall two weeks ago—includes Maxwell House regular and instant coffees, Maxwell House Master Blend, Rich French Roast, Colombian Supreme coffee and a test product called Maxwell House Filter Pack premeasured coffee. The agency already handles General Foods' Yuban and Brim brands.

DMB&B/USA President Clayton Wilhite called its two new accounts "arguably the most prestigious, not to mention biggest, back-to-back new assignments in industry history."

Mr. Viault said in a statement that D'Arcy's work was "superior." But "we'll miss the partnership with O&M," he said. "They've served us with excellence for 30 years and are a significant part of why Maxwell House is the largest coffee company in the U.S."

"My reaction is something less than complete happiness," said Ken Roman, chairman-ceo of Ogilvy Group. "It was a very disappointing decision."

O&M is estimated to lose $7 million in revenues, and the company expects to lay off 25 to 30 staffers because of the loss.

Mr. Roman indicated the move was

(Continued on Page 47)

Nicotine-free smoke from Philip Morris

By JUDANN DAGNOLI

Philip Morris Cos. is starting consumer-acceptance tests of a nicotine-free cigarette, sources say.

The cigarette, under the Merit Free brand, is being distributed by mail to selected smokers in what one source described as a "concept test."

A questionnaire asking whether the person would buy the cigarette if it were on the market accompanies the product sample.

The experiment confirms recurring rumors that Philip Morris is interested in nicotine-free cigarettes and that it has the technology to produce them.

One source familiar with the product said the company is adapting the technology used by its General Foods USA subsidiary for the decaffeination of coffee.

The move also indicates that Philip Morris isn't content to let archrival R.J. Reynolds Tobacco Co. take the lead in technologically advanced cigarettes. RJR already has tested "smokeless" and "low-smoke" cigarettes.

Philip Morris USA wouldn't confirm the test. It's also not clear whether Merit Free has been assigned to an ad agency; Leo Burnett USA, Chicago, handles the Merit brand.

Ellen Merlo, Philip Morris VP-marketing services, said it was possible a cigarette under the Merit Free

(Continued on Page 48)

California moves to ban Whittle's 'Channel One'

By BRADLEY JOHNSON

ANAHEIM, CALIF.—The state of California has vowed to cut funding for any school that allows Whittle Communications' "Channel One" ad-supported news program into its classrooms.

Bill Honig, state superintendent of public instruction, said the commercial nature of the telecast makes "Channel One" illegal under state law.

"What they basically want is our kids' minds," Mr. Honig said at a news conference last week. "We can't sell them."

The move is a blow for Whittle, whose program could be locked out of classrooms serving more than 10% of the nation's 18 million junior and senior high students.

"I think this is going to cripple them if they can't have access to the California market," said Mr. Honig, who encouraged other educators to look to state and local laws to zap "Channel One."

Mr. Honig said he believes TV without advertising has a place in the classroom, however.

He said he supports a plan by Turner Broadcasting System's Cable News Net-

(Continued on Page 48)

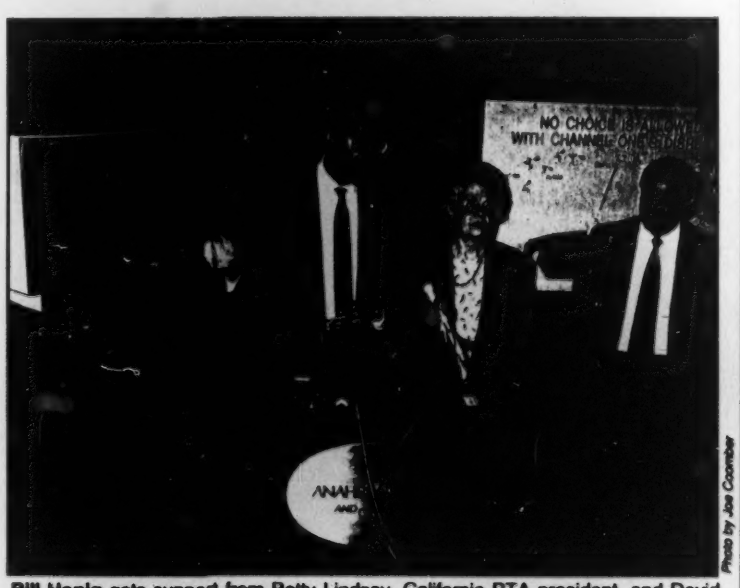


Photo by Joe Coomber

Bill Honig gets support from Betty Lindsay, California PTA president, and David Brown, vice president of the Association of California School Administrators.

Upfront bonanza ahead?

By WAYNE WALLEY

Upfront sales for the 1989-90 network TV prime-time season, fueled by heavy automotive spending, could yield a record $3.7 billion, a 12% jump over last year's take.

Sources predict the upfront market, the sales period when commercial time is sold as much as a year in advance, will be uninterrupted and orderly this year, even though tight inventory in the third quarter and high prices in the current network "scatter" market are helping to create somewhat of an upfront frenzy.

Not only might the Big 3 networks and Fox Broadcasting Co. reap an aggregate $400 million more, but sales could break as early as this week and end by the last week in June.

Because of the anticipated strong marketplace, the Big 3 networks are expected to ask for high, double-digit price increases on a cost-per-thousand basis, but agency sources expect the negotiated increases to average 9%.

"We want to see [upfront selling] over as soon as possible this year," said Paul Isacsson, exec VP at Young & Rubicam, New York.

Upfront sales usually bring advertisers lower prices and ratings-delivery guarantees, and normally conclude just after July 4. Last year, however, the Writers Guild of America strike delayed the upfront market, and in 1987, negotiations were protracted because of the introduction of people meters.

This year, scores of advertisers and agencies are eager to make sure they're in the programs they want as early as possible.

Because of the strength of its comedies, prices on ABC could rise as high as 11% to 13%. NBC could get increases of between 9% and 10%, while CBS is expected to get increases of as much as 5%.

- "Tracking Shares" picks night-by-night winners—P. 40
- Network schedules look more conservative—P. 46

But if the networks insist on double-digit percentage increases on a cost-per-thousand basis, agency media buyers say they will be forced to find alternatives.

"If the networks are too bullish, cable could take off," warned Michael Drexler, exec VP-media at Bozell. "Some clients are already saying they want contingency plans if time isn't available on the show they want or if the cost is too high."

Based on improved ratings and the addition of Monday night prime-time programming, some agency executives predict Fox could double its upfront sales this year and top $180 million.

Some industry analysts disagree with the optimistic projections about just how much money will flow into the upfront market.

Lintas:New York's in-house newsletter estimates $3.5 billion in upfront spending this year, an 8% increase over 1988-89. Grey Advertising said its estimates show a 2%-to-3% increase.

Bozell's Mr. Drexler said he expects network upfront sales to be flat or slightly above last year.

But those observers expecting upfront to really take off cite last year's unexpected $500 million upfront splurge by General Motors Corp., Ford Motor Co. and Chrysler Motors, which pushed network sales to a record $3.3 billion in 1988.

At the time, most analysts had been predicting a decline in upfront spending.

This year, automakers are ex-

(Continued on Page 46)

Highlights

NEWS

4 **Olds gets new leadership**
J. Michael Losh's move to Oldsmobile from Pontiac is expected to bring significant marketing changes to the troubled GM division.

12 **Isuzu drives up ad recall**
Isuzu Motors lies its way into the top 10 best-recalled ads for April.

22 **Computer mags enter down mode**
Computer & Software News is a victim of the second shakeout in computer publishing.

28 **Meats stampede into branding**
Meat becomes a hot commodity for agencies as marketers apply the branding iron.

31 **Videotex gets creative**
Prodigy lets agencies in on creating videotex ads as it hopes to become a mainstream medium.

43 **Bausch & Lomb enters new rink**
Dorothy Hamill skates for B&L's first national campaign for disposable lenses.

44 **Convertibles are showcased**
Automakers are using the convertible's mystique to enhance the image of their entire line.

45 **Brewers join in moderation**
Adolph Coors Co. and Miller Brewing plan new campaigns urging moderation by the beer-drinking crowd.

49 **Pioneer spins new LaserDisc**
Pioneer introduces lower-price LaserDisc machines with a "huge" promotion.

51 **Magazine saturation**
Special-interest magazines are folding and merging as categories reach saturation.

INTERNATIONAL

26 **Saatchi looks up Down Under**
Saatchi & Saatchi Advertising makes a determined bid to become Australia's No. 2 agency and get closer to its sister agency, industry leader George Patterson Pty.

AD REVIEW: Wendy's still hasn't found the beef. P. 50.

Record buy in Hispanic print —in "Perspectivas." P. 32.

Departments

Brady	30
Brady's Bunch	22
Classifieds	41
Editorials	16
For the Record	45
Forum	18
Letters	18
MediaWorks	40
People	39
PeopleWorks	38
Perspectivas	32
Photo Review	35
Slices	30
The Next Trend	30

Vol. 60, No. 24—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semiweekly the fourth week in March and the fourth week in September at 740 Rush Street, Chicago, Ill. 60611-2590. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, Mich. 48207. $2.00 a copy, $74 a year, $124 two years. Add $115 per year for air delivery to Europe & Middle East. Add $49 for surface mail to all other foreign countries. WILLIAM STRONG, VP-circulation; JOHN HUFFMAN, fulfillment director; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, Mich. 48207. 1-800-992-9970. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. AD AGE is available for electronic retrieval on the NEXIS® Service, Mead Data Central, Inc., P.O. Box 933, Dayton, O. 45402 (800 227-4908).

Pow! 'Batman' joins summer promo parade

By MARCY MAGIERA

Holy promotions, Batman!

What promises to be the biggest box-office bonanza in the last five years, starring the Caped Crusader, the Ghostbusters and Indiana Jones, will likely co-star the largest number of marketing tie-ins in that period as well.

Advertisers including PepsiCo, J.C. Penney Co., McDonald's Corp. and Sears, Roebuck & Co. are throwing significant ad and promotional support behind these three certain blockbusters and other potential summer hits.

PepsiCo, through its Pepsi-Cola Co. and Taco Bell units, has major marketing tie-ins with Paramount Pictures Corp.'s "Indiana Jones & the Last Crusade" and Warner Bros.' "Batman."

"This really is a key promotion for us, if not the hottest of the whole year," said a Taco Bell spokesman.

Columbia Pictures' "Ghostbusters II" alone is scaring up $30 million in marketing tie-ins with advertisers including Coca-Cola Co., Ralston Purina Co. and Fuji Photo Film USA (AA, May 15).

"Promotions tied to films . . . are becoming more valuable to marketers, who are looking to get immediate, measurable results from such shorter-term programs," said Ken Strottman, president of Strottman Marketing, an Irvine, Calif.-based licensing and marketing company.

"This is the summer of sequels, and that's making it easier for marketers to execute tie-ins. There's less risk for package-good and fast-food marketers; they know what to expect," he said.

"Batman" isn't a sequel but is a product of 50 years of Batman comics and the '60s TV show.

Penney's will give "Batman" merchandise a push in special shops set up in 1,000 of its 1,400 stores. The retailer has prepared newspaper ads in-house, which stores can run locally, and in-store materials, including an 8-foot Batman cutout, mobiles, movie posters and film

(Continued on Page 48)

Jacoby: I tried to buy Saatchi

By JON LAFAYETTE

NEW YORK—Former Ted Bates Worldwide Chairman Robert Jacoby says he tried to raise money to buy Saatchi & Saatchi Co. this spring, but the attempt failed.

Mr. Jacoby, who was ousted from Bates shortly after selling the agency to Saatchi in 1986, told ADVERTISING AGE he still has the equivalent of 600,000 Saatchi shares bought earlier this year.

He said reports that certain units of Saatchi & Saatchi might be for sale are plausible, but he isn't seeking to buy any part of the U.K.-based agency giant.

Mr. Jacoby said he continues to monitor Saatchi's activities closely and that reports of merchant bankers soliciting ad agencies as potential buyers for Saatchi units "have the ring of truth."

Major agencies including Young & Rubicam, Dentsu and Publicis recently said they've received informal calls to see whether they'd be interested in buying parts of Saatchi (AA, May 22).

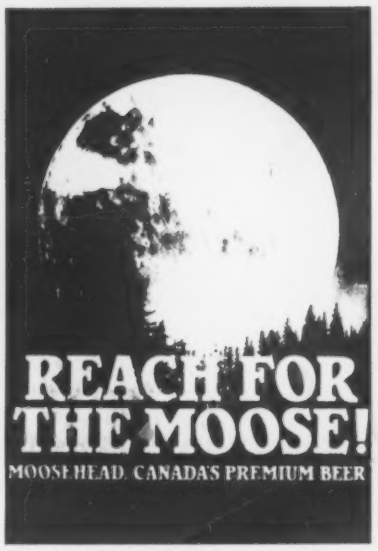
Mr. Jacoby said he didn't know for whom the bankers were working, but he added, "Investment bankers generally don't do this kind of thing for their own account."

Why Campbell-Mithun-Esty lost American Home Products—P. 8

One report said that Saatchi was asking merchant bankers to shop its parts, a move that would enable Saatchi to defend itself from outsiders.

Reacting to those reports in a letter to AD AGE, James Adler, president of Saatchi & Saatchi Affiliates (USA), conceded that "there are

(Continued on Page 48)



The sluggish market for imported beers is overflowing with new advertising designed to boost share in the hot-selling summer season.

Import fight looms

Sales drop leads to share war

By PATRICIA WINTERS

A market share battle is foaming among imported beers, where flat sales are prompting major players to try new advertising tactics.

Heineken, Beck's, Molson, St. Pauli Girl and Moosehead are getting new creative and, in some cases, new positionings.

Line extensions are coming, too.

Martlet Importing Co. in June introduces Molson Dry in selected East Coast states. The importers of Corona Extra are rolling Corona Light national, and Guinness Import Co. may bring Guinness Draft in cans to the U.S. That company also will give a big push to Guinness Gold this fall.

"It's a share war," said Peter Reaske, Martlet's director of brand marketing. "You can't rely on a growing market anymore, and we have to take from each other."

The import category has little hope for gains. It grew 0.3% to 9.4 million barrels in 1988 and declined "more than 5%" in the first quarter of this year, said Benj Steinman, executive editor of *Beer Marketer's Insights*.

Through much of the 1980s, imports – representing an estimated $3 billion in retail sales, or about 7% of the total $44 billion beer market – showed 11% average annual growth, he said.

The import slowdown was first attributed to a sales decline in Corona Extra, which after several years of phenomenal growth fell more than 10% to 1.55 million barrels last year. Corona's 16.5% share is now a distant second to leader Heineken's 24.5%.

But current wisdom holds that anti-alco-

(Continued on Page 50)

Agencies face a 'new reality'

By GARY LEVIN and JON LAFAYETTE

The realities of today's ad business have investment bankers and leveraged buyout specialists seeking deals with not just public agencies but private ones.

WPP Group Chief Executive Martin Sorrell's success in agency takeovers has sparked new interest in the business from investors, who are learning that advertisers care less about who owns agencies than who runs them.

Private shops often find themselves under more pressure to respond to intensified financial and competitive problems.

This so-called "new reality" has N W Ayer and other private shops rethinking ways to reduce their competitive vulnerability while still remaining private.

"You can't just sit there and expect this is an aberration, because it all will fall apart someday," Ayer CEO Jerry Siano said of the recent resurgence of merger activity. "We feel stronger about being independent than before, but we also know there's more of a challenge."

Mr. Siano said that if necessary, he'd consider a pooling of interests with another private agency, with "both investing in each other." That would guarantee Ayer's independence from public ownership and allow its managers to continue operating the business.

He said no such deals are being negotiated, however.

Other private agencies, including Ketchum Communications, said they're content to remain in a midsize niche, a position fewer agencies are occupying these days.

"We don't feel too pressured," said Gerald Voros, president of Pittsburgh-based Ketchum. "We don't see ourselves severely handicapped in any way."

But the larger agency groups – WPP Group and Saatchi & Saatchi Co. among them – disagree. They contend that "critical mass" is increasingly important to their effectiveness in handling client business.

Now, investment bankers are looking at leveraged buyouts with private agencies and possibly other deals, including formation of employee stock ownership plans and making simple minority investments.

As with other industries, they hope to reap profits from financing deals and, in some cases, to gain a foothold as part-owners of a growing business.

Michael J. Biondi, managing director of Wasserstein Perella & Co., a WPP adviser, said his company is interested in leveraged buyouts of privately held agencies with revenues of $100 million or more. That category includes giants Young & Rubicam, New York, and Leo Burnett Co., Chicago, as well as Ketchum and New York-based Ayer, D'Arcy Masius Benton &

"We're interested in good agencies, period."
—an investment banker

Bowles and Wells, Rich, Greene.

All these agencies maintain that their best strategy is to remain independent, despite no lack of acquisition offers. In fact, Y&R and Burnett have been substantial beneficiaries of client fallout from other merged shops.

But that doesn't stop the financial community from trying to work out deals.

Mr. Biondi said a privately held agency is most likely to agree to a leveraged buyout during a generational transfer of management.

"An LBO is an excellent vehicle to pay current shareholders and provide reinvestment opportunity for a new generation of management," he said.

Kelso & Co., an investment banking company specializing in leveraged buyouts, also is eyeing deals with agencies, whether public or private.

"We're interested in good agencies, period," said Kelso VP George E. Matelich. Or at least those with revenues of $50 million or more, he said.

"For a private agency with a fairly narrow shareholder base . . . we think we can provide,

(Continued on Page 48)

World News Roundup

LONDON—Chambourcy, the Nestle-owned French dairy products marketer, consolidated more than 80 products in the U.K. into five distinct lines: Le Yogurt, Le Fromage Frais cream cheese, Le Mousse and Le Dessert frozen desserts and Hippo, a children's line of smaller portions of the four products. The relaunch has a $19 million ad budget handled by Brooks Legon Bloomfield for Hippo and the Creative Business for the others.

MELBOURNE—Rupert Murdoch on July 23 plans to launch Sunday editions of his morning daily *Sun News-Pictorial* and his afternoon daily *The Herald*. The two papers will compete against the existing independent *Sunday Observer*, published by Peter Isaacson. The *Sunday Press*, jointly published by Mr. Murdoch and John Fairfax Group, will cease publication.

LONDON—Fisher-Price consolidated its estimated $9.6 million pan-European account at Backer Spielvogel Bates, with BSB Dorland as the lead agency. Collett Dickenson Pearce and BMP Davidson Pearce previously handled.

MILAN—Eliolona, Italy's third-largest linens marketer, is launching its first ad campaign, a $4 million effort handled by WPP Group's Conquest Europe.

LONDON—Zanussi, an appliance marketer, dropped WCRS Mathews Marcantonio from the creative side of its $3.7 million account. WCRS keeps the media-buying portion.

SYDNEY—HDM Mattingly, newly separated from Mojo MDA, won the new Gucci, Lanvin and Hunting World accounts from distributor F.J. Benjamin & Sons.

TOKYO—Asahi Breweries will start selling in the U.S. its Nova brewed canned coffee, the brewery's largest-selling such product in Japan. Initially, the

(Continued on Page 26)

AGENCY PAY

Average agency salary boosts fall

By MATT SIZING
Cole Surveys

Although 1988 was a fairly lean year for ad agencies, their brightest talents reaped some big rewards.

The industry's star performers drew huge salary increases and bonuses for last year. For example, the highest-paid creative director earned a salary and bonus totaling more than $820,000.

That was the highest cash compensation reported for a creative chief in the four years this survey has been conducted by Cole Surveys and ADVERTISING AGE.

Most agency staff managed some kind of pay raise, but many others held on for dear life.

As in the previous three surveys, a sizable portion of the agency work force came up empty-handed. Fully one of every four employees saw absolutely no salary increase this year.

That's a far larger percentage of "zero increases" than seen in Cole's surveys of the financial and healthcare industries, where year after year only about 10% of the employee population gets no increase.

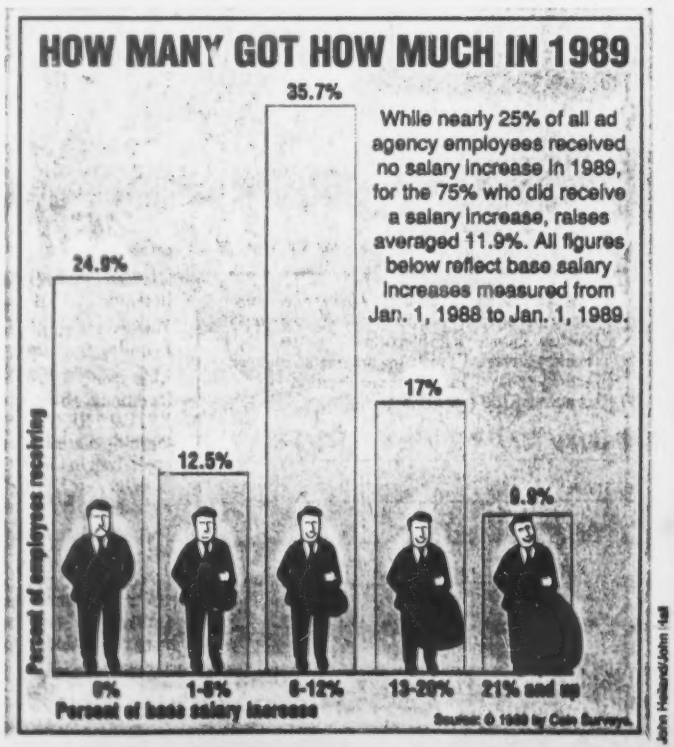
On the other side of the coin, four of every 10 employees took home a salary increase of at least 10% for their 1988 performance, and one of every 10 saw their salaries jump by 21% or more.

As opposed to previous years, employees of smaller agencies did better than those in larger shops. Agencies with billings of $25 million to $100 million pulled down the overall average increases.

The 1989 Cole Survey of Compensation in Advertising Agencies features information on nearly 5,000 employees in agencies of every size across the nation. Pay trends were tracked in 30 key positions from top management to traffic management.

Base salary increases last January for all employees

(Continued on Page 36)


HOW MANY GOT HOW MUCH IN 1989
While nearly 25% of all ad agency employees received no salary increase in 1989, for the 75% who did receive a salary increase, raises averaged 11.9%. All figures below reflect base salary increases measured from Jan. 1, 1988 to Jan. 1, 1989.
24.8%
12.5%
35.7%
17%
9.9%
Percent of employees receiving
0%
1-5%
6-12%
13-20%
21% and up
Percent of base salary increase
Source: © 1989 by Cole Surveys
John Holland/John Hall

Isuzu lies its way into top 10

Carmaker hits the gas in ad recall

By SCOTT HUME

Joe Isuzu is the most memorable product spokesman in advertising.

That's a lie. But the lovable liar can honestly claim to have placed American Isuzu Motors among the 10 best-recalled advertisers during the month of April.

According to Advertising Age's monthly adWatch survey of advertising awareness, Isuzu last month ranked No. 8 in unaided awareness in a nationwide poll of 1,000 adults.

The "Liar" campaign has been on the air for three years, with Joe Isuzu making outlandish claims about standard equipment and performance. But last month was the first time the advertising ranked among the top 10 in top-of-mind recall.

Maybe Joe should have been tweaking the competition from the start. The latest Isuzu TV spots have featured the obnoxious spokesman filming Toyota salesmen's unguarded remarks with a hidden camera or using a bullhorn to broadcast questions about the supposed shortcomings of competitors' cars or deals to prospective customers.

Isuzu keeps some impressive company in the April top 10. The best-recalled advertisers were many of the most heavily advertised and continually best-remembered brands.

For the second consecutive month, the brand that first came to mind for the most respondents was Pepsi-Cola. Madonna's controversial commercial may be gone, but the brand name lingers on.

The rest of the top 10, in descending order, were McDonald's, Chevrolet, Ford, Anheuser-Busch's Budweiser/Bud Light, Coca-Cola, Procter & Gamble Co.'s Tide laundry products, Isuzu, Toyota (despite or perhaps even because of Joe Isuzu's teasing) and Honda.

ADWATCH SURVEY OF ADVERTISING AWARENESS
TOP 10 IN APRIL

Last month, 1,000 people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? Source: Gallup Organization, Lincoln, Neb.

Rank 4/89	3/89	Advertiser	Agency
1	1	Pepsi-Cola	BBDO Worldwide
2	2	McDonald's	Leo Burnett USA
3	5	Chevrolet	Lintas Campbell-Ewald
4	4	Ford	J. Walter Thompson USA
5	8	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles - DDB Needham Worldwide
6	3	Coca-Cola	McCann-Erickson Worldwide
7	7	Tide	Saatchi & Saatchi Advertising
8	—	Isuzu	Della Femina, McNamee WCRS
9	—	Toyota	Saatchi & Saatchi DFS
10	10	Honda	Rubin Postaer & Associates

Two advertisers are notable by their absence from April's top 10. Both tied for the No. 13 rank.

The California Raisin Advisory Board's dancing raisins didn't make the 10 best after having appeared on the list for 19 straight months. Even when the commercials weren't airing, the raisins made the list anyway. Not last month, however.

Another usual member of the elite, Miller Brewing Co.'s trio of Miller High Life/Miller Lite/Miller Genuine Draft, is missing. That puts the pressure on Chicago-based Leo Burnett USA's first campaign for High Life, which began May 1 (AA, May 1), to return Miller to the top.

Another advertiser with a new campaign was McDonald's Corp., which spent heavily during April to remind consumers to play its Scrabble game. Some sales promotion executives and analysts said the game didn't succeed as well as such past McDonald's games as Monopoly (AA, May 15). If so, adWatch results suggest advertising for Scrabble must bear some of the responsibility: It wasn't as memorable as other McDonald's advertising.

McDonald's was the second-best-recalled advertiser—in unaided awareness—in April (its second consecutive month with that rank). But when respondents were asked which fast-food advertiser came to their minds first, McDonald's was named by 45.8% of the sample, compared with 54.8% in the March survey.

That still handily blew away the competition. Burger King Corp. was No. 2 with an 11.7% share of first mentions (up from 10.4% in March). Wendy's International, behind its "taste-test victory" campaign that uses founder R. David Thomas as spokesman (AA, April 10), remained No. 3, though it rose 4.8 percentage points to an 11.5% share.

But a drop in awareness can hardly be what McDonald's expected from Scrabble.

AdWatch is a joint project of Ad Age and the Gallup Organization. Advertising awareness is measured by asking a nationally projectable sample to name the first advertising that comes to mind from all seen, heard or read in the previous 30 days.

Last month, 1,000 adults were polled by phone. The margin of error is plus or minus 3.1%.

In other significant changes in the April survey:

- Apple Computer lost some of its lead in the **computer** category, garnering 29.2% of first mentions last month, compared with a 36.8% share in March.

IBM Corp. was No. 2 with 20.8% (vs. 21.2% a month earlier); Radio Shack remained No. 3 with 3.2% (up from 2.2%).

- Heading toward the big summer selling season, E&J Gallo Winery remained the best-recalled **wine/wine cooler** advertiser last month with an 18.1% share of first mentions. But that represented a 4.2-point drop from its 22.3% in March. Banfi Vintners' Riunite was No. 2 with 4.2% (vs. 3.7% in March); Gallo's Bartles & Jaymes held the third spot with 3.4% (vs. 3%). #

For more information, contact the Gallup Organization, 301 S. 6th. St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

"TRADE MAGAZINES... WE NEVER ADVERTISE IN TRADE MAGAZINES!"

Maybe the time has come to reconsider the trade magazine. Especially since Cahners has put together a new package of 35 leading trade magazines, with a combined circulation of over 2.8 million. It may be the best medium for you to use, if you want to reach a mass audience of business executives and managers. Consider these facts.

Beats Forbes, Fortune, & Business Week
The Cahners Network reaches more business management people than Forbes, Fortune, and Business Week. Combined. And at a lot lower CPM.

Comparable Demographics
Reader demographics, such as age, sex, education, and income, of the Cahners Network magazines are also comparable to Forbes, Fortune, and Business Week.

Eight Million Sales Leads
Readers respond to advertising in Cahners Network magazines. Cahners receives over 8.8 million product inquiries from readers every year.

Matched To Your Markets
There are many Cahners Networks to choose from. And, we can tailor-make a network package that will closely match the market and audience that you want to reach.

Not Claims, Facts
We back up every claim we make about the Cahners Network with circulation audit data from BPA and an Audience Profile conducted by SMRB. You can be sure of your facts when you buy the Cahners Network.

Even if you've never advertised in a trade magazine...and swore that you never would...you owe it to yourself to look into the Cahners Network. Call Peter Boniface. He can show you that today's trade magazines match the best consumer magazines in editorial quality and graphic design.

Most important, he has the facts to back up our belief that the Cahners Network is the best way to reach and sell America's business executives and managers. You owe it to yourself to find out. Call now...

Cahners Business & Professional Network

Peter Boniface, Publisher
275 Washington Street, Newton, MA 02158-1630
617/964-3030

AGENCY PAY

Midsize agencies hold down raises

Top pay made in all positions

The sky's the limit in the fourth annual "Hall of Fame" listing of the highest total cash compensation reported in each of the 30 survey positions. (Total cash compensation is the sum of base salary as of Jan. 1, 1989, and any incentive compensation received for 1988 performance.)

Incumbents in the five highest-paid positions all earned more than $500,000. Four of this year's five highest-paid positions were in the last survey's top five.

The highest-paid job is once again ceo of a subsidiary (non-independent) agency, whose total cash of $1,051,200 represents about an 11% increase from the top-paid subsidiary ceo in the last survey.

The second-highest-paying position again is creative director, with total cash of $820,500, or about a 10% increase.

The fifth-highest-paid position in the last survey, chief financial officer, is sixth on this year's list.

With the highest-paid incumbents in 25 of the 30 positions earning six-figure paychecks this year, it's clear that opportunities for exceptional financial rewards can be found in virtually every advertising specialty.

1989 "Hall of Fame"

Highest total cash compensation by position.

CEO (subsidiary)	$1,051,200
Creative director	820,500
CEO (independent)	750,000
President	677,000
Branch office manager	546,800
Chief financial officer	459,500
Executive vice president	350,800
Director account management	310,000
Associate creative director	265,000
Business development manager	257,100
Broadcast production manager	225,000
Creative supervisor	187,500
Senior account executive	184,800
Media director	163,500
Human resources director	160,000
Senior copywriter	157,500
Account planning manager	155,000
Controller	150,600
Senior art director	150,000
Market research manager	145,000
Producer	135,000
Associate media director	120,000
Public relations manager	117,000
Data processing manager	102,000
Art director	100,000
Copywriter	94,500
Print production manager	93,000
Account executive	80,000
Junior copywriter	73,000
Traffic manager	66,000

' 1989 by Cole Surveys

(Continued from Page 3)

averaged 8.5%, below the previous report's 9.5% average but still nearly double 1988's 4.4% increase in the consumer price index.

For the 75% of the sample who got salary increases, raises averaged 11.9%, compared with 13.4% previously *(see chart on Page 37)*.

To calculate the increases, base salaries of Jan. 1, 1988, and Jan. 1, 1989, were compared. Only those employees with salaries reported for both dates were used, to prevent data from being distorted by new hires.

Small shops, big percentage raises

Although in previous years the nation's largest ad agencies have awarded the industry's largest raises, that wasn't the case this time.

The smallest ad shops, those with billings up to $5 million, offered salary increases averaging an even 10%, tops among the five groups.

Most of those who work in the smallest shops did even better than that: The 72% who actually received increases saw their salaries jump by an average of 15.1%.

In most of the larger agencies, raises varied little, averaging 9.1% in the $5 million-to-$10 million billing size group and 8.7% both in the $10 million-to-$25 million size group and in agencies with billings of more than $100 million.

Four of the five groups distributed raises above the 8.5% national average. Agencies with billings of $25 million to $100 million granted relatively modest increases averaging 7.2%.

Salary increases were hardest to come by in midsize agencies; in agencies with billings of $10 million to $100 million, three of every 10 employees received no increase.

Agencies in the $5 million-to-$10 million group proved the most generous, distributing raises to 82% of their employees, highest among the five size groups.

Raises run to extremes

Agencies were highly selective in their approach to pay raises *(see chart on Page 3)*.

Roughly three of every eight agency employees were on the low end this year. In addition to the 24.9% who received no raise at all, another 12.5% got low or modest increases in the 1%-to-5% range.

A slightly smaller portion of the total sample (35.7%) occupied the "solid middle," where raises ranged from a respectable 6% to an enviable 12%.

One of the most surprising results of the survey is the significant percentage of managers and other staff who earned exceptional salary increases despite 1988's generally lackluster business climate.

More than one-quarter of the total sample received salary hikes of 13% or more, and about one of every 16 employees (6.3%) came away with a whopping increase of more than 25%.

Eastern agencies on top

Increases by region varied only modestly and reflected prevailing economic conditions.

In the East, agencies granted salary increases averaging 9.5%, highest among the four regions. Salary increases averaged 8.4% in the West, 7.9% in the South and 7.5% in the Midwest.

Base salary increase results by position show that raises of 7% to 9% were paid to most of the 30 jobs surveyed. No one had more difficulty drawing salary increases than incumbents in three high-level jobs: ceos of independent agencies, business development managers

AVERAGE TOTAL COMPENSATION* BY POSITION-1989

By agency billings size.

	Up to $5 million	$5-10 million	$10-25 million	$25-100 million	Over $100 million
CEO (Independent)	$81,800	$140,600	$162,700	$240,800	$438,500
CEO (Subsidiary)	84,800[1]	75,300[1]	123,600	249,900	384,200
President/COO	78,100	91,600	125,800	241,100	270,900
Branch office manager	42,400	48,200	62,000	121,300	169,800
Executive vice president	60,200	86,500	94,800	136,700	194,800
Chief financial officer	33,600	57,600	70,800	95,100	175,600
Controller	26,300	36,500	37,800	47,400	74,600
Data processing manager	21,200	21,100	32,600	37,800	58,300
Human resources director	37,400[1]	18,000[1]	30,300	51,500	70,100
Traffic manager	20,300	22,600	24,900	26,100	34,600
Creative director	51,200	70,800	80,700	121,800	180,900
Associate creative director	33,500	56,600	64,300	78,700	106,900
Creative supervisor	34,300	31,900[1]	51,500[1]	57,700	80,800
Senior art director	36,100	43,900	39,200	54,900	77,500
Art director	25,500	29,000	29,900	37,100	45,600
Senior copywriter	34,000	37,600	36,300	51,000	67,600
Copywriter	31,400	27,000	34,600	37,700	46,700
Junior copywriter	20,100	25,900	24,600	30,300	31,400
Media director	29,600	40,600	45,800	61,600	92,200
Associate media director	20,800	24,300	26,400	39,500	61,800
Broadcast production manager	27,000[1]	26,800	39,200	39,400	89,700
Producer	30,300	20,900[1]	31,100	42,700	63,300
Print production manager	27,000	32,500	33,900	45,500	50,900
Public relations manager	35,100	40,500	49,900	54,400	75,600
Business development manager	43,600	47,900	62,200	126,900	133,700
Market research manager	24,000	69,900[1]	50,700	64,000	78,100
Director account management	54,000	59,100	79,200	97,800	120,300
Account planning manager	43,300	54,000	57,600	62,000	70,000
Senior account executive	41,500	42,900	45,800	62,700	51,900
Account executive	30,100	31,500	29,100	35,300	36,100

*Salary and bonuses. [1]Limited sample. Source: ©1989 by Cole Surveys.

and exec VPs. Slightly more than half of the independent-agency chief executives received a salary increase in 1988, while raises were awarded to only 59% of the business development managers and 63% of the exec VPs.

Raises aren't everything

Examining salary increases without looking at bonuses may be misleading. For example, beginning copywriters drew raises averaging 11.9%, the highest of any position. But only 14% of the junior copywriters got a bonus for 1988 performance, and their bonuses averaged 5.6% of base salary—the lowest percentage receiving bonuses and smallest bonus reported in any position.

For many ad managers and staffers, performance-based incentive pay is a key element of compensation. The last survey uncovered major cutbacks in ad industry bonuses; this year, results showed agencies maintaining a cautious approach to variable compensation.

About 29% of the sample earned bonuses for 1988 performance, a slight improvement from the previous survey but still well below 1986's rate of 37% and 1985's 41%.

Another key measure of bonus movement, the average bonus amount as a percentage of base salary, showed no change from 1987: The average bonus for those who received one held steady at 19% of base salary.

In both 1985 and 1986, bonuses for those who received one averaged 22% of base salary.

More bonuses in small shops

The size-group results suggest bonuses are becoming more common in smaller ad shops.

Agencies with billings up to $10 million distributed incentive pay to about one-quarter of their work force in 1986 and 1987. The percentage receiving bonuses based on 1988 performance rose to 37% in agencies with billings up to $5 million and jumped to 45% in the $5 million-to-$10 million group.

In agencies with billings in excess of $100 million, the percentage of employees receiving bonuses went to 26% from 20%. Both figures are a far cry from 1986, when the largest agencies handed bonus checks to fully half of their work forces.

The highest-paid executive in the survey, the ceo of a large subsidiary agency, earned more than $600,000 in bonuses alone.

By combining a $603,700 bonus and a $447,500 base salary, that ceo became the first to crack the $1 million mark in the four years this survey has been conducted.

Chief financial officer bonuses averaged about 22% of base salary, higher than the respective averages for exec VPs and branch office managers.

Position results

How does agency size affect pay levels for copywriters? How do pay levels for junior copywriters differ from those for senior copywriters? How do pay levels for copywriters compare with those for other creative jobs such as art directors? How important a factor is incentive compensation in each job?

Three positions illustrate how agency size affects pay levels in different types of jobs: top management (ceos), creative management and account management.

Top management

In no other position than the ceo does agency size exert such influence over pay levels, at least in absolute dollars.

For ceos of independent agencies, pay levels rise considerably from one group to the next. For example, ceos in midsize independent agencies ($10 million to $25 million) earned about twice as much in total cash as the top manager in shops with billings of less than $5 million.

Ceo pay levels soar in the nation's largest agencies. Ceos of independent agencies with billings of more than $100 million averaged about $219,000 more in salary than their colleagues in independent agencies with billings of $25 million to $100 million, while their edge in average total cash is nearly $200,000.

In both average base salary and total cash, the ceos in the largest ad agencies are in the same ballpark as the chief executives of major companies in other industries.

Discounting the effects of limited samples in the smaller size groups, pay levels for subsidiary-agency ceos follow a similar course. However, their total cash compensation doesn't rise quite as sharply in the largest agencies.

Subsidiary-agency ceos made more than their independent counterparts in the $25 million-to-$100 million size group, but that pay edge disappeared in the largest agencies.

Subsidiary-agency ceos are often paid by large parent organizations whose compensation programs emphasize performance-based incentives. Maybe it's for that reason that subsidiary-agency ceos are more likely to receive bonuses than independent-agency heads. Also, their bonuses tend to be larger than those paid to ceos of independents.

More than half (57%) of the subsidiary chief executives earned bonuses that averaged 62% of base salary; 39% of the independent-agency ceos received bonuses that averaged 52% of base salary.

Creative management

Comparing pay levels for creative directors, associate creative directors and creative supervisors illustrates how agency size and responsibility level affect compensation in one of the industry's most important functions.

In the smallest shops, total cash for creative directors averaged about $51,000, while their subordinates, whether slotted in the associate director or supervisor position, earned about $34,000.

In the two size groups encompassing agencies with billings of $5 million to $25 million, creative directors maintained a pay advantage of about $14,000 to $16,000 over associate directors. Both size groups reported a limited sample of creative supervisors, which suggests it's uncommon to find more than two levels of creative management in those agencies.

In agencies with billings of more than $25 million, pay levels for all three creative management jobs are clearly distinguishable. In the $25 million-to-$100 million size group, total cash for creative directors jumps to an average of $121,800, or 55% more than the $78,700 average for associate directors, in turn about 36% higher than the $57,700 average for creative supervisors.

In the largest agencies, the total cash gap between creative directors and associate directors grows even larger: Directors' pay averages $180,900, or 69% more than the associate directors' $106,900 average.

Account management

Similar influences dictate pay levels for directors of account management, account planning managers, senior account executives and junior account executives. Directors of account management made more than account planners and executives in agencies of all sizes. But the account director's broader scope of responsibilities really paid off in the largest agencies, just as it did in creative management.

For directors, average total cash starts at $54,000 in the smallest shops and rises to $120,300 in the largest agencies, an increase of 123%. Total cash for account planning managers rises more modestly, from $43,300 in the smallest agencies to $70,000 in the largest, an increase of 62%.

Pay lines for account executives, particularly junior-level executives, are relatively flat; in these jobs, agency size appears to have less impact on compensation than in most other positions.

In agencies with billings up to $25 million, total cash for senior account executives averaged $42,000 to $46,000, while junior account executives made about $29,000 to $32,000.

In agencies with billings of more than $25 million, senior account executives drew paychecks in a range of $52,000 to $63,000, while junior executives averaged about $35,000 to $36,000.

Bonuses again were a major influence. Directors of account management were paid bonuses averaging 20% of base salary, while bonuses for account planners averaged 13% of base. Bonuses for senior account executives amounted to 18% of base salary—about 2½ times the 7% average for junior account executives.#

Matt Sizing, senior writer and editor at Cole Surveys, also has contributed articles to Modern Healthcare, U.S. Banker *and other leading industry publications.*

1989 BASE SALARY INCREASES AND BONUSES*

Billing size	% receiving an increase	Avg. increase for those who received one	% receiving a bonus	Bonus as a % of base salary
Up to $5 million	72.0%	15.1%	37.0%	21.2%
$5-10 million	82.4	11.6	44.8	20.6
$10-25 million	69.7	12.9	17.9	19.7
$25-100 million	69.9	11.1	33.5	24.3
Over $100 million	79.3	11.7	25.9	16.1
All Agencies	75.1	11.9	29.1	19.3

* Salary increases measured from Jan. 1, 1988 to Jan. 1, 1989. Bonuses paid for 1988 performance. Bonus amounts are expressed as a percentage of Jan. 1, 1989 base salary for employees who reported base salaries for both 1988 and 1989.
Source: ©1989 by Cole Surveys.

Who answered salary survey

The fourth annual Cole Survey of Compensation in Advertising Agencies features information submitted by 177 agencies, including 11 multiunit headquarters, 144 independent agencies, 20 subsidiary agencies and two branch offices.

For purposes of comparison, agencies were divided into five billing size groups: Up to $5 million; $5 million to $10 million; $10 million to $25 million; $25 million to $100 million; and more than $100 million.

Agencies were also assigned one of four regional designations used by Advertising Age: East, South, Midwest or West.

Of the 4,022 employees reported this year, 4,715—or 96%—were assigned by their agencies to one of 30 defined survey positions. The other 207 occupied positions with duties other than those specified for the defined positions.

Each agency submitted data for base salaries as of Jan. 1, 1988 and Jan. 1, 1989. Base salary increases were calculated by comparing 1988 and 1989 salaries.

Agencies also submitted data for total cash compensation as of Jan. 1, 1989. Total cash compensation was defined as the sum of Jan. 1, 1989, base salary and any incentive compensation paid for 1988 performance.

All agencies submitted information for individual employees using employee numbers for identification. All employee data were analyzed and verified by Cole Surveys.

Complete survey results are available in two comprehensive reports prepared by Cole Surveys. Each participating agency may order a customized "Confidential Report" that compares its data with those of two peer groups of other participating agencies.

Detailed survey results are also presented in a non-customized "Cole Edition" of the report, available to all agencies.

For more information, call Survey Manager Diane Courtney at 1-800-343-2215.#

PROFILE OF SURVEY PARTICIPANTS

	% of total agencies
Billing size	
Up to $5 million	36.2%
$5-10 million	16.2
$10-25 million	18.6
$25-100 million	18.1
Over $100 million	11.9
Agency type	
Independent HQ	3.4
Subsidiary HQ	2.8
Independent	81.4
Subsidiary	11.3
Branch	1.1
Region	
East	31.1
South	18.1
Midwest	32.0
West	18.8

Source: Cole Surveys

It pays to reach the top—in more ways than one

The ceo's total cash compensation is usually supplemented by a variety of benefits and perquisites. The most common benefits: supplemental life insurance, profit sharing and supplemental medical insurance. Supplemental retirement benefits are far less common.

Commonly reported ceo perks include company cars (offered to 79%) and agency-paid professional memberships (71%).

Some benefits and perks are more common in large agencies than in small ones. For example, virtually equal percentages of ceos reported pensions in the largest and smallest agencies; on the other hand, profit sharing was offered to 75% of the top officers in the largest agencies but to only 40% of those in the smaller shops.#

CHIEF EXECUTIVE PERQUISITES

Percent receiving by agency billings size.

Benefit/perquisite	Up to $5 million	$5-10 million	$10-25 million	$25-100 million	Over $100 million	All agencies
Pension	29%	34%	29%	45%	30%	33%
Profit sharing	40	62	65	79	75	59
Stock options	8	14	16	35	50	20
Supplemental life insurance	68	83	65	62	60	68
Supplemental medical insurance	41	59	26	41	55	43
Supplemental retirement	3	7	7	21	10	8
Company car	83	69	61	76	85	79
Tax/Financial counseling	51	48	48	52	45	49
Annual medical exam	16	21	26	41	35	25
Professional memberships/dues	65	69	71	79	80	71
Athletic club membership	27	41	26	48	55	36

Source: ©1989 by Cole Surveys.

Entire contents copyright 1989 by Crain Communications Inc. All rights reserved.

$2.00 a copy; $74 a year

NEWSPAPER

June 5, 1989

Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Illustration by Tom Herzberg

Uncertain future plagues marketers planning for 1992

By KEVIN COTE

European Community car emissions standards won't take effect until the close of 1992, but General Motors Corp. can't wait until then. It has to get ready for 1992 *now*.

"I wish I could say what's going to happen and what we need to do," said Thomas Mason, VP-sales, service and parts at GM Europe. "There are a lot of unanswered questions."

GM is moving ahead anyway, even without EC guidelines—this year putting catalytic converters on cars sold in West Germany. Food, liquor and tobacco marketers must move ahead too, and all of them have their own preparatory hurdles to jump before the end of 1992, when trade barriers creating a single European marketplace are scheduled to fall.

But how high those hurdles are and when they will arise are still a big unknown.

Of the 408 directives that the 12-nation EC needs to implement, only 130 have been approved by a majority of EC member nations; 278 are still "on the table," an EC spokesman said.

These directives set Europeanwide rules and standards that will allow the free flow of goods and services.

How much time it will take to pass all the directives and how they will affect advertisers also remain mysteries

For instance, it took two years to get EC approval of the important directive concerning transnational TV broadcasts, setting up uniform guidelines for inserting commercials into programs.

Special section on the industry's preparations for 1992 starts on Page 42.

Until final ratification by individual countries, expected later this year, national governments can refuse to accept a TV broadcast from a neighboring nation if the broadcast doesn't comply with local media regulations.

Other important—and even controversial—directives include one designed to harmonize sales taxes throughout the EC.

A unified value-added tax would force some countries to lower their rates while others would have to raise them and include items not pre-

(Continued on Page 42)

'Big Bang' shops post 'brand' loss

By JOSEPH M. WINSKI

J. Walter Thompson Co. under WPP Group and the Omnicom Group agencies appear to be suffering a significant loss of "brand" identity among advertisers, an ADVERTISING AGE survey has found.

Privately owned and adamantly independent Leo Burnett Co., on the other hand, is coming on strong.

In AA's latest Agency Watch, for the first quarter of this year, Omnicom agencies BBDO Worldwide and DDB Needham Worldwide (formerly separate agencies Doyle Dane Bernbach and Needham Harper Worldwide) and WPP's JWT all received substantially lower scores than they achieved before their ownership changes.

Each of these agencies has been financially successful since the megamergers, but a weakening identity could signal long-term difficulties on the business front.

The Agency Watch erosion of the Omnicom agencies since Omnicom was formed in 1986 has been particularly dramatic.

In 1985, Agency Watch's first year, 8% of client ad executives named one of the subsequent Omnicom agencies when asked which shop was best overall: BBDO was named by 3.8%, DDB by 2.3% and Needham by 1.9%.

In the first quarter of this year, their combined best-agency score was just 1%: 0.7% of the 300 respondents named DDB Needham and

(Continued on Page 69)

Nielsen's new meter may give ratings for ads

By WAYNE WALLEY

National TV ratings for commercials could become a reality by 1992.

That's the word from Nielsen Media Research, which agreed last week to join forces with the David Sarnoff Research Center to develop a "passive" people meter for measuring TV programming viewership.

The new meter is designed primarily to measure programming viewership, but the technology used will allow it to gauge commercial viewership significantly more effectively than Nielsen's current people meters.

"If all goes right, it is at least three years away from implementation," said John A. Dimling, exec VP-group director of marketing at Nielsen.

The stumbling blocks are the feasibility of adapting Sarnoff's

(Continued on Page 76)

Inside:

P&G ties in with 'Wizard of Oz'—P. 1
Colgate's new-product woes—P. 3
Liz Claiborne opens stores—P. 55
Marketers line up for NBA—P. 68

Sears ready to take bank cards

By KATE FITZGERALD

Sears, Roebuck & Co. is expected to start accepting Visa and MasterCard credit cards in all its stores before the Christmas selling season starts.

Most of the stores now accept only Sears' own charge card or its Discover card. But pressures to improve its merchandising operations have forced Sears to expand its current test of Visa and MasterCard.

Financial services experts say it's only a matter of time before a national rollout follows.

"My guess is that Sears will let i merchandising interests win out over its c financial services operations, and offer Visa and MasterCard to all of its customers ' aid Stuart Feldstein, president of SMR Re arch Corp., which has studied Sears' credit card operations.

"How can Sears not take bank cards when it's trying everything else to get back into the mainstream of American retailing?" asked John Love, publisher of *Credit Card News*. "I think that the company is finally being forced to play the game the way the rest of the retailers—who are killing [Sears]—are playing it, by giving customers more payment options."

Sears has accepted both Visa and MasterCard at four Richmond, Va., stores since last year; in January it added four of its Milwaukee stores to the test. Most of the stores involved in the test have new Brand Central departments.

Sears has also begun accepting Visa and MasterCard in at least one of its new Brand Central electronics and appliance superstores and some of its specialty stores, including McKids and carcare centers.

Originally, Sears said it wouldn't accept Visa and MasterCard at its Brand Central stores because its Sears and Discover cards offer a sufficient array of payment methods.

However, some industry experts expect Sears to reverse that decision in order to keep pace with all other major electronics and appliance retailers, which have long accepted Visa and MasterCard.

Sears hasn't released the results of its Visa and MasterCard test, and the company won't make a decision on national rollout until this fall, said spokeswoman Kathy Gucfa.

The nation's largest retailer is also testing interest in a "gold card" extension of its own Discover card.

Discover cardholders are being invited to apply for a new, upscale "Private Issue" Discover card. The new card will carry a $40 annual fee, unlike the regular card, which has no annual fee.

"Private Issue" cardholders also will get 1.5% cash back on purchases over $5,000, compared with 1% on the regular Discover card. The "Private Issue" card also offers a credit limit ranging from $5,000 to $25,000.

The new card is being positioned in mailings as Discover's "gold card," like the upscale cards offered by Visa International, MasterCard International and American Express Co.

Discover officials wouldn't comment on the test of "Private Issue."

DDB Needham Worldwide, Chicago, handles the $35 million Discover account.#

Highlights

NEWS

4 **Dual or duel for Burger King?**
Client and agency execs debate whether Burger King's decision to hire two agencies will result in success or conflict.

6 **Koop eases up on alcohol**
Surgeon General Koop recommends industry cooperation, not regulation, on alcohol marketing.

12 **'900' numbers ring in ads**
Media tie-in deals turn 900 phone numbers into a booming ad medium.

26 **Minolta focuses image**
Minolta unifies its business products in a new umbrella campaign aimed at women.

28 **Outdoor ads measure up**
The outdoor ad industry gets ready to introduce a new audience-measurement system.

37 **Home shows build interest**
Home-improvement TV shows try to carve a niche in what may be a hot category for marketers this fall.

38 **General Mills, RC send checks**
General Mills and Royal Crown are introducing a promotion using checks rather than coupons.

40 **Margarines join forces**
Unilever creates a margarine giant by consolidating four Lever Bros. units into Van den Bergh Foods.

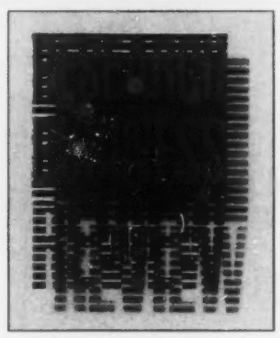
55 **Designer starts own stores**
Liz Claiborne fashions look to the future with new retail outlets.

56 **Feds put heat on S&L ads**
Federal regulators clamp down on comparative ads by West Coast S&Ls.

62 **Roseanne makes front page**
Roseanne Barr wins the crown of magazine cover queen for May.

71 **Saatchi's new New York lineup**
Michael Keeshan is the leader of a new generation of management at Saatchi & Saatchi Advertising.

AD REVIEW: New England Telephone & Telegraph wins back its soul. P. 76.



Leading 50 researchers top $2.6 billion. See "Special Report," following P. 54.

Departments

Brady	53
Brady's Bunch	26
Calendar	68
Classifieds	65
Editorials	16
For the Record	69
Forum	20
Global Gallery	46
Letters	22
MediaWorks	62
Parting Shot	53
People	61
PeopleWorks	60
Photo Review	58
Sales Promotion	38
The Next Trend	53

Vol. 60, No. 25—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semiweekly the fourth week in March and the fourth week in September at 740 Rush Street, Chicago, Ill. 60611-2590. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, Mich. 48207. $2.00 a copy, $74 a year, $124 two years. Add $115 per year for air delivery to Europe & Middle East. Add $49 for surface mail to all other foreign countries. WILLIAM STRONG, VP-circulation; JOHN HUFFMAN, fulfillment director; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, Mich. 48207 1-800-992-9970. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. AD AGE is available for electronic retrieval on the NEXIS® Service, Mead Data Central, Inc., P.O. Box 933, Dayton, O. 45402 (800 227-4908).

Gruner & Jahr thinks 'Sassy'

By PATRICK REILLY

Gruner & Jahr, West German-based publisher of *Parents* and *YM*, has emerged as a candidate to acquire either all or part of Matilda Publications' *Ms.* and *Sassy*.

Despite Gruner & Jahr's interest, Matilda isn't officially on the block yet. A sale is only one option executives at the 1-year-old company are considering, sources say.

Matilda executives see one of several scenarios unfolding in the coming weeks: selling both titles, seeking additional investors or maintaining its current cast of investors.

Speculation on a possible sale of the company surfaced last week after the May 26 resignation of Matilda's founder, Sandra Yates. In a memo to the staff, Ms. Yates said she was leaving to "begin work on other publishing projects."

Matilda executives maintained Ms. Yates' resignation isn't connected to discussions about potential ownership changes.

Industry observers have questioned whether Matilda, which has been seeking new investors for months, may be forced to split up the publications in a sale. One interested publisher, who asked not to be identified, said, "*Sassy* is obviously the attraction here."

Elizabeth Crow, president of Gruner & Jahr, said she's looked at the properties. "*Sassy* has some real potential," Ms. Crow said. "It has a brilliant name and some problems too."

Despite a boycott by some advertisers who objected to *Sassy's* candid reports on sex and other matters, the magazine has grown to a

(Continued on Page 74)

Trump Shuttle ready for Pan Am dogfight

By JENNIFER LAWRENCE

After nine months of uncertainty, the Trump Shuttle this week gets off the ground to challenge Pan American World Airways' recent dominance of the lucrative Northeastern market.

An introductory print and radio campaign breaks June 7, the day the Trump Organization is expected to close its purchase of Texas Air Corp.'s Eastern Airlines shuttle for $365 million, including 21 planes.

A long-term campaign will start in late August.

Scali, McCabe, Sloves, New York, last week was chosen to handle the $8 million-to-$10 million account. Lintas:New York, Eastern's agency, had handled shuttle advertising.

A direct-mail effort, also starting this week, will announce the shuttle's new ownership by New York real estate and casino magnate Donald Trump and focus on service. Barry Blau & Partners, Fairfield, Conn., was named direct-response agency.

At least three Boeing 727s and possibly a fourth will have been repainted white with bold red, black and gold stripes with a stylized "T" on the tail and the Trump name on the side of the plane.

"I think his name will help because from the public's point of view his name is a promise that they will get something extra in the way of service or niceties," said Louis Marckesano, analyst at Janney Montgomery Scott.

Still, the challenge will be to go

(Continued on Page 74)

AN ADVERTISING AGE SUPPLEMENT:

creativity
The Magazine of the Creative Process
(available in selected regions)

To subscribe write:
Creativity Circulation Department
965 East Jefferson Ave.
Detroit, MI 48207

Will Burger King duet harmonize?

An Advertising Age roundup

Dual agencies or dueling agencies?

Marketing executives on both sides of the agency/client fence are divided in evaluating Burger King Corp.'s decision to split responsibility for its $215 million account between two major agencies.

The division makes sense, some say, while others contend it's a recipe for conflict.

Two or more agencies handling pieces of the same account is commonplace, of course, but New York shops D'Arcy Masius Benton & Bowles and Saatchi & Saatchi Advertising are being asked to provide work from two different angles on a single *brand*, Burger King restaurants (AA, May 22).

D'Arcy will handle "brand identity" advertising, and Saatchi will provide "brand retailing"—or promotional advertising for such things as new menu items or price reductions.

The concept of multiple agencies working a single brand is unusual but not unheard of. AT&T Co. and Sony Corp. of America are among the companies that have split responsibilities for single brands among two or more agencies, and those companies say the strategy works well.

Other advertisers may go the multiple-agency route, possibly including Burger King rival McDonald's Corp.

Rumors that McDonald's is considering splitting its $250 million-plus national account among two or more agencies have circulated at least since the account was shifted to Leo Burnett USA from Needham, Harper & Steers (now DDB Needham Worldwide), both Chicago, in 1981.

McDonald's has looked at cutting up the business by daypart (with Burnett keeping Saturday morning children's commercials and young adults, and Needham or another agency taking adult-oriented time); by age group; or, like Burger King, between "image" and product assignments.

"Almost every cut conceivable has been considered," said a source close to the account. "A split still is discussed [by McDonald's], and probably will happen sooner or later. But it's unlikely McDonald's would do it soon and risk looking like it's following Burger King's lead."

In addition to using Burrell Advertising for advertising targeted to black consumers, and Conill Advertising, New York, for Hispanic efforts, McDonald's has reduced Burnett's hold by airing nationally campaigns created by regional agencies.

These have included the "Mac Tonight" campaign from Davis, Ball & Colombatto, Los Angeles, and the "corporate quality" commercials created by DDB Needham, Washington, that have aired occasionally since breaking during the Super Bowl last January.

Still, Burnett remains McDonald's sole lead agency, and D'Arcy and Saatchi will share that designation for Burger King.

Promising to "stop the leak and build sales," Burger King Exec VP-Marketing Gary L. Langstaff promised that a 12-month marketing plan will be given to operators in August. That means the agencies will have to work together quickly and smoothly.

Some outsiders question how well that will happen.

"I think it will take a remarkable amount of understanding and cooperation and the very best of wills to keep [the agency partnership] intact," said Norman W. Brown, chairman-ceo of Foote, Cone & Belding Communications, Chicago, which unsuccessfully sought to land the Burger King account.

> *"I feel absolutely certain that both agencies expect to walk away with the whole thing in a matter of months."*

Burger King will have to keep a tight rein on the two agencies, said Ken Mayhorne, chairman of VanSant Dugdale, Baltimore.

"They have to have very clear guidelines on the demarcation between the agencies so they don't get into any gray areas," he said.

"It's an unusual move when you consider Burger King has been through so many agencies and so many directions," Mr. Mayhorne said. "This seems to be one more situation where they couldn't make up their minds which agency to choose."

Jeff Christensen, VP-marketing at Norwest Corp., Minneapolis, and a former marketing executive at Pillsbury Co., said hiring two agencies only means Burger King will be "doubly confused."

Perhaps even greater than the danger of tripping over each other is the threat that the two agencies will be plotting to stab each other in the back, some agency executives suggest.

"I feel absolutely certain that both agencies expect to walk away with the whole thing in a matter of months," said Nancy Shalek, president of the Shalek Agency, Santa Monica, Calif. "It sounds kind of like a prolonged, paid pitch."

Said a senior marketing executive with a major food company: "In 35 years in the business, I've never found an agency dying to use another agency's creative. [Both agencies] are going to walk all over each other trying to take the whole account."

Peter Stranger, president of Della Femina, McNamee WCRS, Los Angeles, agreed: "It's conceivable that one agency could emerge with the whole account after all is said and done."

But the double-agency strategy could work if Burger King provides marketing leadership, both Mr. Stranger and Ms. Shalek said.

"I don't think it will work ideally, but I don't think it's as crazy as other people think," Mr. Stranger said.

Some others don't think it's crazy at all.

"It's a good idea that makes good sense for Burger King," said Ron Bess, president of Bayer Bess Vanderwarker, Chicago.

"Burger King is one brand, but within it are a lot of different tasks and challenges that take a high degree of involvement," Mr. Bess said. "Dedicating two agencies to it makes sense as long as Burger King can coordinate it."

Marketers with multiple agencies say the strategy can work and has some clear benefits.

AT&T has its account split among five major agencies, and one segment of the company—its business markets division—has three agencies sharing the wealth.

Charlie Mitchell, director of business advertising and promotion at AT&T's business markets division, said his account's split among New York shops Ogilvy & Mather, McCann-Erickson Worldwide and Young & Rubicam brings "fresh insights" to the company, which sometimes conducts creative shootouts among the shops in developing new campaigns.

Sony is a veteran employer of several agencies with shared responsibilities. For its My First Sony line, for example, Burkhardt & Christy handled TV spots and Slater Hanft Martin did print.

For the Sony Trinitron TV sets, McCann-Erickson does TV advertising, while Slater Hanft Martin handles print.

"We have tried it both ways and have found that sharing advertising tends to bring the best and the brightest to our account," said Jeff Brooks, Sony's VP-advertising.#

This story was written by Scott Hume in Chicago with bureau reports.

WHO MAKES YOU A GOURMET IN A MINUTE?

The same techniques that developed new Hunt's Minute Gourmet,™ Water Babies™ for Coppertone,® The Magic Mushroom® for Airwick, S.O.S Glass Works,™ Chiquita® Orange-Banana Juice, put Baking Soda in more than 30 million refrigerators...can spell success for you.

Why is 70% of all our business *repeat business?*

- Our success rate;
- We're sensitive to your needs.

HUNT'S MINUTE GOURMET™: The first add-meat dinner that gets *you cooking* in the microwave.

We offer three different new product or re-staging programs. One is ideal for your needs.

To find out more, call or write Sonia Kallen (914) 631-8800. 55 South Broadway, Tarrytown, NY 10591.

Schoenfeld, Chapman & Pearl

New Products/Brand Leveraging Consultants

RSCG plans new U.S. assault

By PETER S. GREEN

Paris—In its quest to rank among the world's top 10 agencies, Roux, Seguela, Cayzac & Goudard is preparing to buy another New York agency while setting sights on Los Angeles.

In March, RSCG bought a majority stake in Messner Vetere Berger Carey Schmetterer, New York (AA, March 6). Earlier, it had acquired a majority interest in Tatham-Laird & Kudner, Chicago.

"We may soon do an operation to reinforce Messner Vetere," said Jean-Michel Goudard, RSCG International president. He left France last week to visit acquisition prospects in New York.

"Messner will be our biggest U.S. branch in New York, and we will have to get our U.S. branches working together," Mr. Goudard said.

In 1988, Tatham-Laird & Kudner had billings of $217 million, while Messner Vetere's billings reached $60 million.

RSCG will soon be looking to expand into Los Angeles, Mr. Goudard said. He refused to say which agencies he's eyeing in the U.S.

Other French shops have recently been seeking a stronger U.S. presence, too.

Publicis and Foote, Cone & Belding Communications, Chicago, formalized a share swap in January, and Ammirati & Puris, New York, was a major drawing card in BDDP Group's now-embattled bid for U.K. agency Boase Massimi Pollitt.

RSCG's planned U.S. moves are an integral part of its ambitious expansion plans.

"In five years, we will be one of the top 10 agency groups in the world," Mr. Goudard said. Last year, RSCG reported gross income of $210 million, ranking it as the world's No. 18 agency.

RSCG plans to open an agency in Portugal this September. After expansion in the U.S. and Europe, RSCG has its sights set on Asia.#

CORRECTIONS & CLARIFICATIONS

- The following additions and clarifications should be noted for the May 1 "Special Report" on sales promotion agencies: Marden-Kane, Lake Success, N.Y., inadvertently omitted from the chart, reports 1988 revenues of $14 million; Columbian Advertising, Chicago, should have been ranked No. 17 on the full-service list and reports 45% of its activity in consumer promotions; Davidson Marketing, Chicago, and Marketing Continuum, Dallas, should rank on the full-service list as No. 44 and No. 62, respectively; Coddington, Chadwick & Meyerson, New York, realizes 35% of its revenues from creative development; total 1988 revenues for Waldbillig & Besteman, Madison, Wis., were $3.02 million.
- The photographer's credit for Abe Seltzer was inadvertently dropped from the page opposite his Norman Rockwell-esque photo in the AA "Magazines" special issue (May 24, P. 23).#

WPP stock rising; no takeover afoot

By LAUREL WENTZ

London—WPP Group's largest shareholder almost doubled his stake in WPP to 5.04% last week, but he has no plans to try to take over the company.

"I'm 100% a fan" of WPP Chief Executive Martin Sorrell, said Mike Luckwell, a U.K. media investor. "As far as I'm concerned, I have no intention of making any kind of pre-emptive move."

Mr. Luckwell bought a 3% stake in WPP in February 1988 when the company's shares were undervalued after the stock market tumble. He picked up another 2.04% last week at about 650 pence per share. WPP's stock price was again depressed, this time because of Mr. Sorrell's bid for Ogilvy Group.

The price jumped to 673 pence later in the week, largely because of interest generated by Mr. Luckwell's announcement. His total stake of 2 million shares is now worth about $20.8 million, twice as much as Mr. Sorrell's 2.5% stake.

"They have excellent, strong management, and the profits of the company have improved dramatically," Mr. Luckwell said. "Bearing in mind the power base with two of the world's five international agencies [Ogilvy and J. Walter Thompson Co.], they have tremendous potential."

Mr. Luckwell, 46, and Mr. Sorrell met years ago when the two used to give presentations together to the financial community.

Mr. Luckwell is chairman of Parallel Media Group, a specialist in sports sponsorship linked to TV production and distribution.

He also owns 5% of TV-am, a daily 3½-hour breakfast TV slot on the U.K.'s ITV commercial network.#